

ORIGINAL

OPEN MEETING AGENDA ITEM



0000174250

BEFORE THE ARIZONA CORPORATION COMMISSION

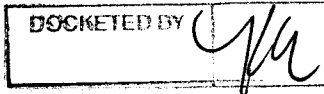
COMMISSIONERS

DOUG LITTLE, Chairman
BOB STUMP
BOB BURNS
TOM FORESE
ANDY TOBIN

Arizona Corporation Commission

DOCKETED

OCT 27 2016



RECEIVED
AZ CORP COMMISSION
DOCKET CONTROL

2016 OCT 27 A 9:50

IN THE MATTER OF THE APPLICATION OF
EPCOR WATER ARIZONA, INC., AN ARIZONA
CORPORATION, FOR A DETERMINATION OF
THE CURRENT FAIR VALUE OF ITS UTILITY
PLANT AND PROPERTY AND FOR INCREASES
IN ITS RATES AND CHARGES FOR UTILITY
SERVICE BY ITS MOHAVE WATER DISTRICT,
PARADISE VALLEY WATER DISTRICT, SUN
CITY WATER DISTRICT, TUBAC WATER
DISTRICT, AND MOHAVE WASTEWATER
DISTRICT.

DOCKET NO. WS-01303A-14-0010

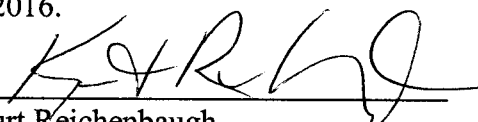
DECISION NO. 75268

NOTICE OF COMPLIANCE
FILING -

SIGNIFICANT TRANSACTIONS

1 In compliance with Decision No. 75268, issued on September 8, 2015, EPCOR Water
2 Arizona Inc. ("Company") hereby files the attached report with Docket Control explaining any
3 significant transactions (more than 25 basis points of a District's rate base) it records to adjust its
4 plant records and accumulated depreciation in compliance with Commission decisions. This
5 compliance filing reports significant transactions for the period July 1, 2016 through September
6 30, 2016. The Company hereby files Attachment A which displays the thresholds for reporting
7 significant transactions for this compliance report by districts in this case. Also included is
8 Attachment B which includes the journal entries and support for these significant transactions
9 that exceed the threshold by district.

10 Respectfully submitted on October 27, 2016.

11 
12 Kurt Reichenbaugh
13 EPCOR Water Arizona Inc.
14 2355 W. Pinnacle Peak Road, Suite 300
15 Phoenix, AZ 85027
16

1 Original and 13 copies **filed**
2 on October 27, 2016, with:

3
4 Docket Control
5 Arizona Corporation Commission
6 1200 West Washington Street
7 Phoenix, Arizona 85007

8
9 Copies of the foregoing **emailed**
10 on October 27, 2016 to:

11
12 Barbara Keene
13 Compliance Manager
14 Utilities Division
15 1200 West Washington Street
16 Phoenix, AZ 85007
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45

1	Deposit	(a)
1	Deposit Interest	(a)
2	NSF Check	\$25.00
	Deferred Payment (per month)	1.5%
3	Late Payment Fee (per month)	1.5%
4	After hour service charge (b)	\$35.00
	(a) Per Commission Rules R14-2-603.B	
5	(b) After Hours Service: After regular working hours, on Saturday, Sunday or holidays if at the customer's request.	

6 In addition to the collection of regular rates, the utility will collect from its customers a proportionate share of any privilege, sales, use and franchise tax. Per Commission Rule 14-2-609(D)(5).

7 **SERVICE LINE CONNECTION**
8 **CHARGES:**

9	Residential	Cost
	Commercial	Cost
10	School	Cost
	Multiple Dwelling	Cost
11	Mobile Home Park	Cost
12	Effluent	Cost

13 **TREATMENT PLANT HOOK-UP**
14 **FEE:**

14	4" Connection	\$785.00
15	6" Connection	1,570.00
16	8" Connection	2,748.00

17 IT IS FURTHER ORDERED that EPCOR Water Arizona, Inc. shall notify its affected
18 customers of the revised schedules of rates and charges authorized herein by means of an insert in its
19 next regularly scheduled billing in a form and manner acceptable to the Commission's Utilities
20 Division Staff.

21 IT IS FURTHER ORDERED that EPCOR Water Arizona, Inc. shall evaluate, in a cost
22 effective manner, the depreciation rates it proposes for the next rate case for each of its districts.

23 IT IS FURTHER ORDERED that EPCOR Water Arizona, Inc. shall file documentation with
24 Docket Control explaining any significant transactions (more than 25 basis points of a District's rate
25 base) it records to adjust its plant records and accumulated depreciation in compliance with
26 Commission decisions. This requirement will cease upon the issuance of a Decision in the next
27 general rate cases for each of the Divisions in this proceeding.

28 IT IS FURTHER ORDERED that EPCOR Water Arizona, Inc. shall prepare a Plan of

Table of Contents

Attachment A Calculation of Significant Transaction Threshold

Attachment B Journal Entries and Supporting Documentation

Tab 1 Account 1568 - Software Intangibles
Account 1569 - Software Intangibles - Accumulated Amortization

No items were in excess of 25 basis points of rate base.

Tab 2 Account 1898 - Property, Plant & Equipment

Item 1 Sun City \$ 2,190,969 Asset Adjustments

Tab 3 Account 1998 - Accumulated Depreciation - Property, Plant & Equipment

No items were in excess of 25 basis points of rate base.

Attachment A

Calculation of Significant Transaction Threshold

EPCOR Water Arizona, Inc.

Decision No. 75268, issued September 1, 2015, page 77, beginning at line 5:

"56. To reduce future concerns over accumulated depreciation balances, it is reasonable and appropriate to require EPCOR to file documentation with Docket Control explaining any significant transactions (more than 25 basis points of a District's rate base) it records to adjust its plant records and accumulated depreciation in compliance with Commission decisions."

Calculation for determining significant transaction threshold:

<u>District</u>	<u>Rate Base</u>	Threshold for Reporting
		<u>25 Basis Points</u> 0.25%
Mohave Wastewater	\$ 4,921,474	\$ 12,304
Mohave Water	\$ 22,413,983	\$ 56,035
Paradise Valley Water	\$ 38,490,631	\$ 96,227
Sun City Water	\$ 25,756,750	\$ 64,392
Tubac Water	\$ <u>1,329,406</u>	\$ <u>3,324</u>
Totals	\$ <u>92,912,244</u>	\$ <u>232,281</u>

See attached documentation for identified transactions (adjustments, retirements, and unplanned depreciation) between July 1, 2016 and September 30, 2016.

Tab 1 – Account 1568 – Software Intangibles

Account 1569 – Software Intangibles – Accumulated Amortization

Tab 2 – Account 1898 – Property, Plant & Equipment

Tab 3 – Account 1998 – Accumulated Depreciation – Property, Plant & Equipment

Tab 1

Account 1568 – Software Intangibles

**Account 1569 – Software Intangibles – Accumulated
Amortization**

No items were in excess of 25 basis points of Rate Base.

Tab 2

Account 1898 – Property, Plant & Equipment

Item 1

Sun City Water \$2,190,969

Attachment B

Journal Entries and Supporting Documentation



Journals - General

Report Date 31-Aug-16
Page 1 of 1

EPCOR USA Unposted Journals USD AUG-16		2016.08 Sun City Well 1.1 Final Adjs GAAP Assets A 1434974 29878595
---	--	--

DSC 8/31/16

Review

1	7B-000-000000-0000-000-1998-0	31-AUG-16	Journal Import Created	41,775.06	0
2	7B-338-000000-0000-845-6361-0	31-AUG-16	Journal Import Created	41,775.06	0
3	7B-000-000000-0000-000-1889-0	31-AUG-16	Journal Import Created	2,190,968.70	0
4	7B-000-000000-0000-840-1888-0	31-AUG-16	Journal Import Created	2,190,968.70	0

0	2,332,743.76	2,332,743.76	0
0	2,332,743.76	2,332,743.76	0
0	2,332,743.76	2,332,743.76	0
0	2,332,743.76	2,332,743.76	0

End of Report

EPCOR FA Assets By Location Report

Report Date: 08-AUG-2016 09:52

EPCOR Water Services, Inc.
Docket No. W2016004-14-0010
Decision No. 75288
Compliance Filing - Transactions Identified in Excess of 25 Basis Points of Rate Base
July 1, 2016 - Sept 30, 2016

Book: GAAP All
BU: All
From Location: All
To Location: All
From Category: All
To Category: All
As Of Period: 16-Jul
Display Group Asset: No

7B	7B-AZ-000-NA...	307000-1-1-	479007	268477	52383	SC Well 1.1	30-Nov-15	2,190,968.70	0	4,564.52	31,951.64	41,080.68	2,149,888.02
----	-----------------	-------------	--------	--------	-------	-------------	-----------	--------------	---	----------	-----------	-----------	--------------

Tab 3

**Account 1998 – Accumulated Depreciation –
Property, Plant & Equipment**

No items were in excess of 25 basis points of Rate Base.